

**TOWN OF BRIDGEVILLE**  
**AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**TOWN OF BRIDGEVILLE  
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FOR THE YEAR ENDED JUNE 30, 2005**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Town of Bridgeville  
101 North Main Street  
Bridgeville, Delaware

We have performed the procedures enumerated below, which were agreed to by Town of Bridgeville and the State of Delaware's Office of the Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer, solely to assist you with respect to determining the Town's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2005 on Page 4. The Town of Bridgeville's Management is responsible for compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards* (2003) issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants that have been incorporated by *Government Auditing Standards* (2003). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Document understanding of cash disbursement internal control structure over Municipal Street Aid grant funds from discussion with management and report internal control weaknesses.

**FINDING NO. 05-1** - During completion of the Town of Bridgeville's program checklist for the Municipal Street Aid grant, it was noted that their cash internal control structure over Municipal Street Aid has no segregation of duties due to lack of personnel. The Finance Director and the receptionist control all the cash functions for the Town, which is a reportable internal control weakness that does not properly maintain and safeguard Municipal Street Aid funds. Segregation of duties reduces the risk that one person could perpetrate and/or conceal errors in the normal course of his/her duties.

**RECOMMENDATION** - The Town should segregate duties related to cash among different Town council members or other employees so that additional controls over the Town's municipal grants can be established.

### **TOWN'S PLAN FOR CORRECTIVE ACTION:**

*"The Town concurs with the finding. We recognize that this is important. However, due to the size of our work force, we are unable to segregate duties more than we already are. This matter will be addressed as additional employees are hired. We have begun a policy where the Town Manager approves all money transfers and conducts monthly spot checks on all accounts."*

2. Complete the State of Delaware Auditor of Accounts municipal grants agreed-upon procedure program to determine the Town's compliance with applicable laws, regulations and financial reports related to municipal grant funds received during the year ended June 30, 2005. Detail any instances of noncompliance.

FINDING NO. 05-2 - During completion of the Town of Bridgeville's program checklist for the Municipal Street Aid grant, it was noted that the Town used Municipal Street Aid funds to pay for Christmas lighting expenditures totaling \$ 4,111.00. According to 30 Del. C. §5165 (a)(2) funds may be expended for "lighting of the streets and all expenses related thereto"; however, expenses for Christmas lighting are not specifically related to lighting of the streets and therefore are not an eligible expenditure under allowable activities ("Guidelines for Municipal Street Aid Funding").

RECOMMENDATION - The Town of Bridgeville should reimburse the Municipal Street Aid fund account for the \$ 4,111.00 used to pay for the Christmas lights.

TOWN'S PLAN FOR CORRECTIVE ACTION:

*"The Town concurs with the finding. In the future the Town will be aware of what is being disbursed out of the Municipal Street Aid fund account and will not pay anymore Christmas light bills out of the Municipal Street Aid fund account. The Town has made the necessary reimbursement of \$ 4,111.00 to the Municipal Street Aid fund."*

FINDING NO. 05-3 - During completion of the Town of Bridgeville's program checklist for the Municipal Street Aid grant, it was noted that their financial report was not submitted timely to the Office of the State Treasurer for the year ended June 30, 2005. The Town was required to submit the annual report on or before October 1, 2005 [30 Del. C. §5165(b)(2)]. The failure to timely file the report could result in the Town not receiving Municipal Street Aid funds.

RECOMMENDATION - The Town of Bridgeville should implement policies and procedures to ensure that the annual report is submitted on a timely basis.

TOWN'S PLAN FOR CORRECTIVE ACTION:

*"The Town concurs with the finding. In the future the Town will submit the annual expenditure report on or before October 1<sup>st</sup> deadline."*

FINDING NO. 05-4 - During completion of the Town of Bridgeville's program checklist for the Municipal Street Aid grant, it was noted that the annual report was not properly prepared or reviewed [30 Del. C. §5165(b)(2)]. The annual report on the Municipal Street Aid funds understated the beginning cash balance by \$ 374.67, overstated the total expenditures by \$ 125.85 and understated the ending cash balance by \$ 500.52. Failure to prepare accurate financial reports could result in the loss of grant funding.

RECOMMENDATION - The Town of Bridgeville should more carefully prepare and review the amounts on the annual report to ensure an accurate presentation.

TOWN'S PLAN FOR CORRECTIVE ACTION:

*"The Town concurs with the finding. In the future the report will be checked by another Town member for accuracy."*

FINDING NO. 05-5 - During completion of the Town of Bridgeville's program checklist for the Police Pension grant, it was noted that the Town did not submit to the State Board of Pension Trustees by April 1, a listing of retired police officers receiving benefits from the Town as of December 31 of the preceding year, excluding those receiving benefits from the State of Delaware County and Municipal Police Pension Plan as required by the Delaware Code [18 Del. C. §709(b)]. The State Board of Pension Trustees has not requested this information from the Town or provided a format for the Town to submit this information to them. Failure to comply could result in the loss of grant funding.

RECOMMENDATION - The Town should provide mandated information regarding retired police officers receiving benefits to the State Board of Pension Trustees by April 1 of each year.

TOWN'S PLAN FOR CORRECTIVE ACTION:

*"The State Board of Pension Trustees did not request the information noted in the finding on the current year police pension grant application. The Town was unaware of the requirement to submit this information to the State Board of Pension Trustees. In the future, the Town will make sure that all necessary information is submitted by the April 1 deadline."*

3. Note all situations or transactions that could be indicative of fraud, illegal acts, material errors, defalcations, irregularities or gross violations of the grant agreements and abuse or misuse of State funds.

During completion of the program checklist, no fraud, illegal acts, gross violations of provisions of contracts or grant agreements and no abuse or misuse of state funds were noted.

4. Prepare the Town's Schedule of Municipal Grants received during the year ended June 30, 2005.

See Page 4.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Town's compliance with Delaware's laws and regulations, financial reporting and the effectiveness of the internal control structure related to municipal grant funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the Town of Bridgeville's Management and Council Members, Department of Homeland Security, Office of the State Treasurer and Office of Auditor of Accounts, and is not intended to be and should not be used by anyone other than those specified parties. However, under 29 Del. C. §10002(d), this report is a public record and its distribution is not limited.

*Jefferson, Ulan, Doane & Starnes, P.A.*

Georgetown, Delaware  
January 30, 2006

**TOWN OF BRIDGEVILLE  
SCHEDULE OF MUNICIPAL GRANTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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<u>Grants</u>	<u>Amount Received</u>
Municipal Street Aid	\$ 54,244.17
Police Pension	26,125.74
State Aid to Local Law Enforcement	6,143.57
Emergency Illegal Drug Enforcement	5,353.59

See independent accountant's report on applying agreed-upon procedures.